



HB 544 – Allow organization dues to be withheld from retirement benefit and paid directly to the organization

The Public Employees' Retirement Board (PERB) respectfully opposes this legislation. We appreciate the attempt by the sponsor and proponents to try and restrict the eligible associations; however, we will still need to implement the process.

- ❖ The PERB administers 10 retirement systems for the exclusive benefit of the members, including retirees.
- ❖ The exclusive benefit is to pay benefits and necessary administrative costs only. This legislation provides a nice convenience for the retiree; however, the Board has difficulty justifying using retirement funds for an unnecessary administrative cost.
- ❖ This legislation is a great benefit for the organization. It will receive its dues timely with no promptings and mail costs. Their administrative costs are being passed on to the retirement systems, and would come out of the trust funds themselves.
- ❖ Retirees have other means to pay their association dues such as credit cards and banks that have normal processes in place for automatic withdrawals and deposits.
- ❖ The Public Employees' Retirement Board is not a financial institution.
- ❖ This legislation would impact the Board's budget; we will need to add an additional ½ FTE because we don't currently have staff in the retirement benefits area that can take on additional responsibility. Extra job duties that we foresee with this legislation would include:
 - Ensuring the organization meets the qualified organization definition
 - Tracking the elections
 - Reconciling the withholdings by organization

- Responding to inquiries from the organizations and the retirees regarding the occurrence of events.
- ❖ There would also be implementation and ongoing costs of \$95,966 including system enhancements, computer processing, mailings, and the creation of policies, rules and forms to administer this function.
- ❖ These costs would be expended to benefit a few rather than the whole or even a majority of retirees.
- ❖ If this legislation is passed, other organizations that don't meet the criteria will continually try to open up the door in later sessions.
- ❖ If this legislation is considered, the Board requests an appropriation to cover the implementation and on-going costs or a means of recovering the costs by charging the association for this service.
- ❖ If this legislation is considered, we suggest that a January 1st effective date would be more appropriate and attainable:
 - Because of the calendar year tax basis for retiree benefits
 - To allow time to ensure system changes, policies and rules are developed prior to implementation.
- ❖ We urge you to consider the issues and costs this bill will create. The Public Employees' Retirement Board recommends a "Do Not Concur".